

iLOR, LLC v. Google, Inc.

No. 08-1178, Fed. Cir. (Mayer, Linn,* Moore)

[T]he bare recitation of the “no just cause for delay” standard of Rule 54(b) is not sufficient, by itself, to properly certify an issue for immediate appeal.

On December 11, 2008, the Federal Circuit dismissed for lack of jurisdiction over iLOR’s appeal from the district court’s summary judgment that Google did not infringe U.S. Patent No. 7,206,839, which related to adding a user selectable function to a hyperlink. However, the Federal Circuit upheld the district court’s claim construction and affirmed the denial of a preliminary injunction. The Federal Circuit stated:

iLOR contends that the judgment disposes of all claims and counterclaims and therefore is final. Thus, according to iLOR, we have jurisdiction under 28 U.S.C. § 1295(a)(1) to address all issues raised below, including the district court’s grant of summary judgment of noninfringement and the district court’s sua sponte dismissal of its remaining claims. Alternatively, iLOR argues that if it does not dispose of Google’s counterclaims, the judgment certifies the decision for immediate appeal under Federal Rule of Civil Procedure 54(b), and consequently vests us with jurisdiction to consider—in addition to the denial of the preliminary injunction—the grant of summary judgment of noninfringement and the dismissal of iLOR’s remaining claims. Google contends that the judgment neither disposes of its counterclaims nor meets the requirements under Rule 54(b) to certify the decision for immediate appeal. Thus, according to Google, our jurisdiction is limited under 28 U.S.C. § 1292(a)(1) to the district court’s denial of preliminary injunctive relief. We agree with Google. We do not interpret the judgment to dispose of Google’s counterclaims or to certify the decision for immediate appeal under Rule 54(b). iLOR’s contention that the judgment dismisses Google’s counterclaims rests largely on its argument that the judgment’s dismissal of the “action” necessarily encompasses all claims at issue in the case—both iLOR’s claims and Google’s counterclaims. . . .

iLOR appears to contend [that] a district court’s use of the word “action” robotically signifies all claims, counterclaims, cross-claims, etc., regardless of the context in which that word is used. . . . We agree that the word “action,” without further explanation, may generally be used to denote the entire judicial proceeding, including counterclaims. [Thus,] where the parties disputed whether the entire proceeding could be dismissed under Rule 41 in light of the existence of those counterclaims, it was clear when the district court granted the motion to dismiss the “action” that the “action” included both the plaintiff’s claims and the defendant’s counterclaims.

But the context in which the word “action” is used cannot be ignored. The district court’s decision, which grants summary judgment of noninfringement of claim 26 and dismisses the remainder of iLOR’s claims with prejudice, clearly disposes of iLOR’s half of the case. But it does not dispose of, or mention, Google’s counterclaims. This is unremarkable, because the counterclaims were not implicated in assessing the propriety of iLOR’s motion for preliminary injunction or Google’s motion for summary judgment of noninfringement. The judgment was entered contemporaneously with and for the purpose of effectuating the district court’s decision. Because the judgment makes no mention of Google’s counterclaims, we interpret “action” in the context of this case to

encompass only iLOR's causes of action. Perhaps the district court thought it was unnecessary to reach Google's counterclaims due to the decision, or perhaps it was unaware that the counterclaims were pending. That is unclear. What is clear, however, is that neither the decision nor the judgment gives any indication that the district court intended to address or dismiss Google's counterclaims. Since the district court would have clearly abused its discretion by sua sponte dismissing Google's counterclaims, we decline to interpret the judgment to do so.

Alternatively, iLOR argues that even if Google's counterclaims remain pending, the district court certified the decision for immediate appeal under Rule 54(b), thereby rendering it reviewable. Rule 54(b) provides that "the court may direct entry of a final judgment as to one or more, but fewer than all, claims or parties only if the court expressly determines that there is no just reason for delay." Whether an order is sufficient to confer appellate jurisdiction under Rule 54(b) is a question of Federal Circuit law. While we have never directly addressed the question, the consensus view, which we hereby adopt, is that the bare recitation of the "no just cause for delay" standard of Rule 54(b) is not sufficient, by itself, to properly certify an issue for immediate appeal. Rather, it must be apparent, either from the district court's order or from the record itself, that there is a sound reason to justify departure from the general rule that all issues decided by the district court should be resolved in a single appeal of a final judgment.

The judgment here neither cites Rule 54(b) nor sets forth the circumstances justifying immediate appeal of the decision; it merely states that there is no just cause for delay. Nor can we discern from the record a sensible reason to justify review of the decision now, instead of in connection with the final judgment. For these reasons, we do not have jurisdiction pursuant to Rule 54(b) to review the district court's decision granting summary judgment and sua sponte dismissing the remainder of iLOR's claims. Because there is neither a final judgment nor an appealable judgment under Rule 54(b), we limit our review to the district court's denial of preliminary injunctive relief.

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